



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor

KODY H. KINSLEY • Secretary

YVONNE COPELAND • Director, Division of Child and Family Well-Being

May 6, 2022

**Dear County Directors of Social Services**

**Attention:** Food and Nutrition Services, Managers and Supervisors

**Subject:** Child Care Stabilization Grant

**Priority:** Information Only

The purpose of this letter is to provide information regarding Child Care Stabilization Grants, and how the money will be counted in Food and Nutrition Services (FNS) cases. The Child Care Stabilization funds were authorized in the 2021 American Rescue Plan Act (ARPA). The Child Care Stabilization Grant is to provide financial relief to child care providers to assist with unexpected business costs associated with the pandemic, and to help stabilize their operations so that they may continue to provide care. USDA recently provided guidance on how these funds should be counted for FNS.

If a child care provider applies for FNS benefits and received Child Care Stabilization funds, this income will be considered as self-employment. Certain parts of the funds could be excluded as a reimbursement, lump sum payment or the cost of producing self-employment (once spent). The income exclusion does not apply to individuals operating a child care business out of their home. FNS caseworkers will have to determine on a case-by-case basis what portion, if any, is excludable based on how the providers received the funds and how the money was spent.

If you have questions, please submit them to the Continuous Quality Improvement Team (CQI) [dss.policy.questions@dhhs.nc.gov](mailto:dss.policy.questions@dhhs.nc.gov).

Sincerely,

**Madhu Vulimiri, MPP**  
Deputy Director  
Division of Child and Family Well-Being

**Carla West**  
Senior Director for Economic Security  
Division of Social Services, Economic and Family Services  
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MV/CLW/rg

**NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF CHILD AND FAMILY WELL-BEING**

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